

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0569-01  
Bill No.: HB 478  
Subject: Contracts and Contractors; Ethics; Administration, Office of; State Departments  
Type: Original  
Date: March 7, 2011

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Bill Summary: This proposal prohibits state departments from contracting with any entity that has been found guilty of or pled guilty to intentionally or willfully violating any election, tax or immigration law of this state.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Alcohol and Tobacco Control, Capitol Police, Department of Agriculture, Department of Corrections, Department of Economic Development, Department of Health and Senior Services, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Department of Mental Health, Department of Natural Resources, Department of Revenue, Fire Safety, Missouri Department of Transportation, Missouri Ethics Commission, Missouri Gaming Commission, Missouri Highway Patrol, Missouri Senate, Office of Administration, Office of the Governor, Office of Prosecution Services, Office of the Secretary of State, Office of the State Auditor, Office of the State Courts Administrator, Office of the State Public Defender, Office of the State Treasurer, State Emergency Management Agency** and the **State Tax Commission** assume that there is no fiscal impact from this proposal.

Officials at the **Missouri Department of Conservation** assume unknown costs associated with the requirement to verify the eligibility to do business with the state. This cost could correlate to the value of time spent to run checks on entities doing business with the Department.

Officials at the **Department of Elementary and Secondary Education** assume this could result in significant costs or not depending upon whether there is a listing the department can access to determine which entities have been found guilty of or pled guilty to intentionally or willfully violating any election law, tax law, or immigration law.

Officials at the **Department of Social Services' MO HealthNet Division** assume MO HealthNet contracts with and provides moneys to numerous entities; some examples are hospitals, physicians, information technology companies and managed care companies. It is assumed these entities currently adhere to existing election, tax and immigration law, however, it would be possible for an entity to be in violation of these laws. In most instances additional providers or contract companies could be found to continue providing necessary services. If a contractor was found in violation of these laws a cost may be incurred for finding a new contractor and implementing a new contract. Therefore, there would be a fiscal impact to MHD, but the amount is unknown.

Officials at the **Department of Social Services' Children's Division (CD)** and **Family Support Division (FSD)** assume it is unclear how this legislation will be monitored and by whom. If the Divisions are required to verify this information, there could be a significant fiscal impact as there are approximately 1,000 FSD contracts and 33,000 CD contracts in effect at any given time.

ASSUMPTION (continued)

It is unknown how CD will proceed with contracts already in place if the proposed language does not fall under federal statutes which govern when a contract can be terminated. The Children's Division and Family Support Division are assuming an unknown fiscal impact.

Officials at the **Department of Social Services' Division of Finance and Administrative Services (DFAS)** develops and/or reviews all contracts for the Department of Social Services prior to receiving services or making payment to any contracted entity. Currently, DFAS is required to include OA standard language that requires contractors to enroll and participate in the E-Verify federal work authorization program prior to securing any contracting opportunities with DSS. Enrolling in E-Verify certifies the contractor shall only utilize personnel authorized to work in the United States in accordance with applicable federal and state laws. This includes but is not limited to the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) and INA Section 274A. This required language and others are developed by OA and distributed to state agencies. It is assumed the provision proposed in this bill would also be a requirement of OA. Therefore, language and verification systems will be developed by OA and distributed to state agencies. DFAS will defer to OA for the development of the verification system.

Officials at the **Missouri Veterans Commission** assume a zero to unknown impact.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

**Oversight** assumes that state contracts already require verification of compliance with these laws that there will not be any impact on the state.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Alcohol and Tobacco Control  
Capitol Police  
Department of Agriculture  
Department of Corrections  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Higher Education  
Department of Mental Health  
Department of Natural Resources  
Department of Revenue  
Department of Social Services  
    MO HealthNet Division  
    Children's Division and Family Support Division  
    Division of Finance and Administrative Services  
Fire Safety  
Missouri Department of Conservation  
Missouri Department of Transportation  
Missouri Ethics Commission  
Missouri Gaming Commission  
Missouri Highway Patrol  
Missouri Senate  
Missouri Veterans Commission  
Office of Administration  
Office of the Attorney General  
Office of the Governor

JH:LR:OD

SOURCES OF INFORMATION (continued)

Office of Prosecution Services  
Office of the State Auditor  
Office of the State Courts Administrator  
Office of the Secretary of State  
Office of the State Public Defender  
Office of the State Treasurer  
State Emergency Management Agency  
State Tax Commission



Mickey Wilson, CPA  
Director  
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